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United aircraft and transport
corporation.

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PLAN OF REORGANIZATION

UNITED AIRCRAFT & TRANSPORT CORPORATION *and Subsidiaries*

AS APPROVED BY BOARD OF DIRECTORS,

May 14, 1934

Counsel:

SHEARMAN & STERLING

Accountants:

ALLEN R. SMART & CO.


PHILIP G. JOHNSON

JOSEPH F. MCCARTHY

JOSEPH P. RIPLEY

Reorganization Committee

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United Aircraft & Transport Corporation

PLAN OF REORGANIZATION

PRESENT STATUS

(1) CAPITAL STRUCTURE—UNITED AIRCRAFT & TRANSPORT CORPORATION

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The present authorized share capital of United Aircraft & Transport Corporation consists of 2,500,000 shares of Common Stock, without par value, 2,087,532 shares of which have been issued and are at present outstanding. There are also outstanding in the hands of the public Stock Purchase Warrants entitling the holders to purchase an aggregate of 115,787½ shares of Common Stock at \$30 per share on or before November 1, 1938, which Stock Purchase Warrants were originally issued in connection with the issue and sale of the Corporation's 6% Cumulative Preferred Stock, Series A, all of which has since been permanently retired.

(2) CORPORATE STRUCTURE—UNITED AIRCRAFT & TRANSPORT CORPORATION AND SUBSIDIARIES

The following is a list of all the subsidiaries, including the percentage of ownership therein and a brief description of the business in which each of such subsidiaries is engaged:

United Equipment Companies

Boeing Airplane Company, 100% owned, which owns and operates an airplane factory at Seattle, Wash. This company manufactures military single-seated pursuit planes, commercial mail planes and transport planes.

Boeing Aircraft of Canada, Ltd., 85.3% owned (by Boeing Airplane Company), which owns and operates a factory at Vancouver, B. C. This company manufactures airplanes and flying boats under designs originating with Boeing Airplane Company, in Seattle. It also manufactures small surface boats and yachts for private use.

Hamilton Standard Propeller Company, 100% owned. This company is engaged in the design and sale of aircraft propellers, the manufacture of which is carried on by The Pratt & Whitney Aircraft Company in its plant at Hartford, Conn.

The Pratt & Whitney Aircraft Company, 100% owned, which owns and operates an aircraft engine factory at Hartford, Conn. This company is engaged in the manufacture of aircraft engines as well as propellers, the latter being made under the name of "Hamilton Standard".

Canadian Pratt & Whitney Aircraft Company, Ltd., 70% owned (by The Pratt & Whitney Aircraft Company), which operates an aircraft engine factory at Montreal, P. Q. This company is the Canadian subsidiary of The Pratt & Whitney Aircraft Company and is engaged in the manufacture, in Canada, of aviation engines in accordance with the designs of its parent company in Hartford, Conn., and with the use of parts shipped therefrom.

Sikorsky Aviation Corporation, 99.6% owned, which owns and operates an airplane factory at Bridgeport, Conn. This company is engaged in the manufacture of flying boats and amphibions.

The Stearman Aircraft Company, 100% owned, which owns and operates an airplane factory at Wichita, Kan. This company is engaged in the manufacture of commercial planes for general use and military training planes.

- Chance Vought Corporation, 100% owned, which owns and operates an airplane factory at Hartford, Conn. This company is engaged chiefly in the manufacture of two-seated observation planes for military use.
- The Hamilton Standard Propeller Corporation (*inactive*), 100% owned. This company owns certain real estate in the vicinity of Pittsburgh, Pa., represented by a plant previously operated but since abandoned, and a piece of unimproved land in Milwaukee, Wis.
- Northrop Aircraft Corporation (*inactive*), 100% owned. This company was previously engaged in the manufacture of airplanes at United Airport, Burbank, Cal. These activities have been discontinued and the company is now a mere "shell", in the process of liquidation.

United Transport Companies

- United Air Lines, Inc., 100% owned. This company operates an air transport line carrying passengers, mail and express between Newark and San Francisco, by way of Cleveland, Chicago, Omaha and Salt Lake City; also between Salt Lake City and Seattle, by way of Boise, Spokane and Portland, Ore., and also between Seattle and San Diego, Cal. It also operates a branch line for passengers and express, only, between Omaha and Kansas City, Mo. It also operates the Boeing School of Aeronautics at Oakland, Cal. The foregoing operations were recently taken over from the transport companies, listed below, which previously operated the same and which are now inactive. The equipment and facilities necessary for such operations were acquired by purchase from Boeing Air Transport, Inc. and Pacific Air Transport and by lease from National Air Transport, Inc. Claims arising out of the purported annulment of the air mail contracts of the previous operating companies remain with the respective companies affected.
- Boeing Air Transport, Inc. (*inactive*), 100% owned.
- National Air Transport, Inc. (*inactive*), 99.3% owned.
- Pacific Air Transport (*inactive*), 100% owned.
- Varney Air Lines, Inc. (*inactive*), 100% owned.

Other United Subsidiaries

- The United Aircraft & Transport Corporation (of Conn.), 100% owned. This company is the central unit in which all activities other than those carried on by other subsidiaries are centralized, such as research work, etc. It also holds and manages the greater part of the investment portfolio and controls the inter-company flow of funds.
- United Aircraft Exports, Inc., 100% owned. This company is the central unit through which all export activities are conducted.
- United Airports Company of California, Ltd., 100% owned. This company owns and operates the United Airport at Burbank, Cal. This airport is reached and used by United Air Lines. It is also used by other lines not related to the United Air Lines system.
- The United Airports of Connecticut, Incorporated, 100% owned. This company owns and operates Rentschler Field at Hartford, Conn. Although used by American Airlines on its New York-Boston run, the primary purpose of this airport relates to its use by The Pratt & Whitney Aircraft Company and Chance Vought Corporation for experimental and testing purposes.

NOTE: In all cases, except where otherwise indicated, subsidiaries are directly owned by United Aircraft & Transport Corporation.

(3) CONSOLIDATED BALANCE SHEET

The consolidated balance sheet of United Aircraft & Transport Corporation and its subsidiaries as of December 31, 1933, as certified to by Messrs. Allen R. Smart & Co., Certified Public Accountants, appears on the next page. The said balance sheet is the same as heretofore submitted to stockholders in the Annual Report for the year 1933, and is subject to the comments in the Auditors' Certificate which accompanied the balance sheet in the Annual Report.

UNITED AIRCRAFT & TRANSPORT CORPORATION

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

JUNE 20, 1934

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of UNITED AIRCRAFT & TRANSPORT CORPORATION having voting power has been called and will be held at the office of the Corporation, No. 230 Park Avenue, Borough of Manhattan, City and State of New York, on June 20, 1934, at 11 o'clock, A. M. (Daylight Saving Time), for the following purposes:

1. To consider and take action upon a Plan of Reorganization of the Corporation and its subsidiaries, as approved by the Board of Directors on May 14, 1934, a copy of which Plan is on file at the office of the Corporation.

2. To authorize the sale by the Corporation of all its property and assets, including its good-will, in accordance with the said Plan of Reorganization, as adopted by the stockholders at the said meeting.

3. To take action upon the following resolution of the Board of Directors, which was adopted on May 14, 1934, by a majority of the whole Board at a meeting thereof called for that purpose, of which meeting every director received at least three days' notice:

"RESOLVED, that it is advisable in the judgment of the Board of Directors, and most for the benefit of this Corporation, that it should be dissolved."

4. To consent that a dissolution of the Corporation shall take place.

5. To transact such other business in connection with any of the foregoing matters as may properly come before the said meeting or any adjournment thereof.

Only holders of Common Stock of record at the close of business on May 21, 1934, are entitled to notice of or to vote at the said meeting.

By order of the Board of Directors,

JOSEPH F. MCCARTHY,

Secretary

New York, May 22, 1934

NOTE: A copy of the Plan of Reorganization referred to in the foregoing Notice is hereto attached. As the consent of two-thirds in interest of all the stockholders having voting power is required to effect the Plan, you are requested to execute the attached proxy and return it without delay. The giving of a proxy does not preclude the right to vote in person should you so desire.

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PROXY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned stockholder of UNITED AIRCRAFT & TRANSPORT CORPORATION hereby irrevocably constitutes and appoints GEORGE GORDON BATTLE, GEORGE B. COMPTON, PHILIP G. JOHNSON, EDWARD O. McDONNELL and GEORGE S. WHEAT, and each of them, the true and lawful attorneys, agents and proxies of the undersigned, with full power of substitution and revocation to each of them, for and in the name of the undersigned, to vote all the stock of the said Corporation which the undersigned may be entitled to vote at a Special Meeting of the stockholders thereof, to be held on June 20, 1934, or at any adjournment of such meeting, with all powers which the undersigned would possess if personally present, upon all questions which may arise at such meeting or any adjournment thereof with reference to any and all of the matters set forth in the notice of the said meeting, dated May 22, 1934, a copy of which has been received and read by the undersigned, and to vote for the adoption of the Plan of Reorganization referred to in the said notice, a copy of which Plan has also been received and read by the undersigned, and for the sale by the Corporation of all its property and assets, including its good-will, in accordance with the said Plan of Reorganization, and to consent that a dissolution of the Corporation shall take place, and to signify such consent in writing, and to transact any and all such other business, and to vote upon any and all such other matters, as may properly come before the said meeting or any adjournment thereof; HEREBY RATIFYING AND CONFIRMING all that the said attorneys, agents and proxies, or their substitute or substitutes, or a majority of all or any of them who shall be present and act at the said meeting, may do in or about the premises by virtue hereof; HEREBY REVOKING any and all previous proxies to vote the said stock heretofore given by the undersigned.

IN WITNESS WHEREOF, the undersigned has executed this instrument under seal, this day of _____, 1934.

No witness is required

L. S.

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JOSEPH F. McCARTHY, *Secretary,*

UNITED AIRCRAFT & TRANSPORT CORPORATION,

230 Park Avenue,

New York, N. Y.

UNITED AIRCRAFT & TRANSPORT CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1933

ASSETS

CURRENT ASSETS:

Cash	\$ 2,213,776.76	
U. S. Treasury Bonds and Bills (Market Value \$6,035,836.25)	6,286,159.95	
U. S. Municipal and Dominion of Canada Bonds (Market Value \$236,335.00)	257,138.19	
Trade Accounts Receivable	2,236,546.50	
Sundry Accounts Receivable, accrued interest, etc.	163,575.73	
Inventories—At the lower of cost or market	4,880,530.85	\$16,037,727.98

INVESTMENTS:

48,088 shares of stock of Pan American Airways Corporation—at cost	\$ 2,170,790.00	
Miscellaneous, less reserve	179,355.87	2,350,145.87

FIXED ASSETS:

Plant and Equipment of Manufacturing Companies, at cost:

Land and Buildings	\$5,406,886.52	
Machinery, Tools and Equipment	4,246,060.92	
	\$9,652,947.44	
Less—Reserve for Depreciation	2,627,706.19	\$ 7,025,241.25

Land, Buildings and Equipment—Abandoned and inactive plants at estimated realizable values, less continued depreciation on inactive plants	944,837.20	
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Land, Buildings and Equipment of Airport Companies at less than cost, and at not more than estimated replacement values—less depreciation	1,987,679.75	
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Properties and Equipment of Transport Companies, at cost to them:

Land and Buildings	\$1,718,647.19	
Flying Equipment	4,823,216.90	
Other Equipment	1,193,864.14	

	\$7,735,728.23	
Less—Reserve for Depreciation	2,958,305.76	4,777,422.47
		14,735,180.67

DEFERRED CHARGES—Insurance, etc.		185,113.23
		<u>\$33,308,167.75</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$ 784,428.53	
Accrued Wages, Taxes, etc.	642,457.89	
Dividend Payable—Minority Interests	7,014.00	\$ 1,433,900.42

PROVISION FOR FEDERAL INCOME TAX		344,483.31
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ADVANCES ON CONTRACTS		643,134.24
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RESERVES:		\$ 2,421,517.97
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For Insurance	\$ 279,857.37	
For Contingencies	511,769.81	791,627.18

MINORITY INTEREST IN STOCKS AND SURPLUS OF SUBSIDIARY COMPANIES		92,264.20
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CAPITAL AND SURPLUS:

Common Capital Stock—Authorized 2,500,000 shares, no par value; Issued and Outstanding 2,087,448 shares and 455/21sts Scrip	\$20,958,504.61	
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PAID-IN SURPLUS	836,827.27	
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EARNED SURPLUS	8,207,426.52	30,002,758.40
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\$33,308,167.75

NOTE: Of the authorized but unissued Common Stock, 115,870½ shares are issuable at \$30.00 per share for purchase warrants, if exercised on or before November 1, 1938.

PURPOSE OF PLAN

The purpose of the Plan is to separate the transport system of United Aircraft & Transport Corporation from its equipment manufacturing companies, in anticipation of pending legislation designed to give effect to the expressed views of the Government of the United States, which is opposed to the continued affiliation of air transport companies with aircraft equipment manufacturers.

So far as known to the Board of Directors, no legislation is in contemplation which would make impossible the continuance of unified control over all the present manufacturing activities, but, with the divorcing of the connecting transport system, it is deemed that it will be advisable, for administrative reasons, to segregate the manufacturing companies into two distinct units, one centering on the Boeing Airplane Company, at Seattle, and the other on The Pratt & Whitney Aircraft Company, at Hartford.

Accordingly, the Plan contemplates the division of the present organization into three independent units, one embracing the present transport system, another composed of the eastern equipment manufacturing companies, including The Pratt & Whitney Aircraft Company, Chance Vought Corporation, Sikorsky Aviation Corporation, Hamilton Standard Propeller Company, and others, and the third composed of Boeing Airplane Company and The Stearman Aircraft Company. The Board of Directors confidently believes that the new units thus created will continue faithfully and efficiently to serve the further development of aviation.

In view of the present uncertainties of the air mail situation, and especially in view of the impossibility of forecasting the eventual course of pending legislation with respect thereto, it is considered essential that, for the purpose of assuring prompt compliance with legislative requirements, the stock of the new transport unit be temporarily deposited under a Voting Trust Agreement (more fully described in paragraph (12), page 7 of the following Plan), which will be terminable as soon as the necessity therefor is removed.

PLAN

(1) ACQUISITION OF ASSETS OF THE UNITED AIRCRAFT & TRANSPORT CORPORATION (OF CONN.) BY UNITED AIRCRAFT & TRANSPORT CORPORATION (OF DEL.)

The United Aircraft & Transport Corporation (of Conn.) will be dissolved, and its assets distributed to United Aircraft & Transport Corporation (of Del.), which will assume all its liabilities.

(2) ORGANIZATION OF A NEW TRANSPORT CORPORATION

A new corporation will be organized under the laws of Delaware under the name of "United Air Lines Transport Corporation", or other appropriate name, with an authorized share capital consisting of 1,200,000 shares, of the par value of \$5, each. The new corporation will acquire from United Aircraft & Transport Corporation all the outstanding stock of Boeing Air Transport, Inc., Pacific Air Transport, Varney Air Lines, Inc., United Airports Company of California, Ltd. and United Air Lines, Inc., respectively, and at least 99.3% of the outstanding stock (and, in any event, all the outstanding stock then owned by United Aircraft & Transport Corporation) of National Air Transport, Inc. Whether and to what extent the new corporation will eventually acquire the assets of the said companies will be determined by subsequent developments.

(3) ORGANIZATION OF A NEW MANUFACTURING GROUP (AT HARTFORD, CONN.)

A new corporation will be organized under the laws of Delaware under the name of "United Aircraft Corporation", or other appropriate name, with an authorized share capital consisting of 2,400,000 shares, of the par value of \$5, each. The new corporation will acquire from United Aircraft & Transport Corporation all the outstanding stock of Chance Vought Corporation, Hamilton Standard Propeller Company, The Hamilton Standard Propeller Corporation, Northrop Aircraft Corporation, The Pratt & Whitney Aircraft Company, United Aircraft Exports, Inc. and The United Airports of Connecticut, Incorporated, respectively, and at least 99.6% of the outstanding stock (and, in any event, all the outstanding stock then owned by United Aircraft & Transport Corporation) of Sikorsky Aviation Corporation.

(4) ORGANIZATION OF A NEW MANUFACTURING GROUP (AT SEATTLE, WASH.)

The present Boeing Airplane Company will change its name to "Boeing Aircraft Company", or some similar name, and a new corporation will be organized under the laws of Delaware under the name of "Boeing Airplane Company", or other similar name, with an authorized share capital consisting of 600,000 shares, of the par value of \$5, each. The new corporation will acquire from United Aircraft & Transport Corporation all the outstanding stock of the present Boeing Airplane Company (the name of which will then have been changed as above set forth) and The Stearman Aircraft Company, respectively.

(5) DISPOSITION OF REMAINING ASSETS OF UNITED AIRCRAFT & TRANSPORT CORPORATION (OF DEL.)

In addition to the transfer to the three new corporations of the above-described stocks, United Aircraft & Transport Corporation, after setting aside funds to meet its known liabilities at the date of such transfer, and, in whole or in part, the expenses of reorganization, will transfer its remaining assets (excluding tort claims and other claims not presently assignable), consisting principally of cash, investment securities and accounts receivable, to the three new corporations, in such manner and in such amounts as may be determined by the Reorganization Committee hereinafter referred to, with a view to providing each of the new corporations with working capital.

If at the time of such transfer there shall exist in favor of United Aircraft & Transport Corporation any unliquidated claims which, by reason of their nature, shall not then be presently assignable, United Aircraft & Transport Corporation will enter into an agreement with the three new corporations that, upon liquidation and collection of such claims, it will distribute the net proceeds thereof among the three corporations in proportions determined by the relative net worth of the respective corporations at the time of their commencing operations. On the basis of the approximate *pro forma* consolidated balance sheets attached to this Plan, such proportions will be approximately 34½% for United Air Lines Transport Corporation, 51% for United Aircraft Corporation, and 14½% for Boeing Airplane Company.

(6) ASSUMPTION OF LIABILITIES OF UNITED AIRCRAFT & TRANSPORT CORPORATION (OF DEL.)

In consideration of the transfer to them of the stocks and assets above referred to, the three new corporations will jointly and severally assume and/or guarantee all the liabilities, known or unknown, of United Aircraft & Transport Corporation (of Del.) and The United Aircraft & Transport Corporation (of Conn.), respectively. In so far as the liabilities shall not have been determined at the time of the transfer of the said stocks and assets, the three new corporations will agree among themselves that the respective proportions in which such liabilities shall be borne by them shall be determined by the relative net worth of the respective corporations at the time of their commencing operations.

(7) ISSUE OF STOCKS OF NEW CORPORATIONS

As further consideration for the transfer to them of the stocks and assets above referred to, each of the three new corporations will issue its capital stock as follows:

(a) United Air Lines Transport Corporation will issue to United Aircraft & Transport Corporation an aggregate number of shares of stock equal to 50% of the total number of shares of Common Stock of United Aircraft & Transport Corporation then outstanding, which stock of the United Air Lines Transport Corporation will thereupon be deposited by the said United Aircraft & Transport Corporation under the Voting Trust Agreement hereinafter described. For the stock so deposited, the Voting Trustees will issue their Voting Trust Certificates to a corporate agency (to be designated by the Reorganization Committee), for delivery to the holders of Common Stock of United Aircraft & Transport Corporation.

(b) United Aircraft Corporation will issue to the said agency of the Reorganization Committee, for delivery to holders of Common Stock of United Aircraft & Transport Corporation, an aggregate number of shares of stock of the said United Aircraft Corporation equal to 100% of the total number of shares of Common Stock of United Aircraft & Transport Corporation then outstanding.

(c) Boeing Airplane Company will issue to the said agency of the Reorganization Committee, for delivery to holders of Common Stock of United Aircraft & Transport Corporation, an aggregate number of shares of stock of the said Boeing Airplane Company equal to 25% of the total number of shares of Common Stock of United Aircraft & Transport Corporation then outstanding.

(8) EXCHANGE OF VOTING TRUST CERTIFICATES AND STOCKS OF NEW CORPORATIONS FOR OUTSTANDING COMMON STOCK OF UNITED AIRCRAFT & TRANSPORT CORPORATION (OF DEL.)

The agency to which the Voting Trust Certificates and stocks of the three new corporations will be issued as above set forth, will deliver the same in exchange for outstanding shares of Common Stock of United Aircraft & Transport Corporation as follows:

Upon the surrender to such agency of certificates of Common Stock of United Aircraft & Transport Corporation, duly indorsed in blank, with signatures guaranteed in accordance with the requirements of the New York Stock Exchange, the said agency will deliver to or upon the order of the respective registered holders thereof Voting Trust Certificates or stock certificates, as the case may be, for one-half of a share of stock of United Air Lines Transport Corporation, one share of stock of United Aircraft Corporation, and one-fourth of a share of stock of Boeing Airplane Company for each share of Common Stock of United Aircraft & Transport Corporation represented by the certificates therefor so surrendered.

(9) LISTING OF VOTING TRUST CERTIFICATES AND STOCKS OF NEW CORPORATIONS

Application will be made in due course to list on the New York Stock Exchange the Voting Trust Certificates and stocks to be delivered upon the exchange described in the foregoing paragraph (8) or which may be issuable upon the exercise of any presently outstanding Stock Purchase Warrants as provided in the following paragraph (10).

(10) STOCK PURCHASE WARRANTS

As a condition of the transfer to the three new corporations of the stocks and assets above referred to, the three new corporations will severally agree with United Aircraft & Transport Corpo-

ration that, at any time on or before November 1, 1938, upon the request of any holder of any outstanding Stock Purchase Warrant (See par. (1), page 1) issued by United Aircraft & Transport Corporation and upon the payment to an agent to be jointly designated by the new corporations of the sum of \$30 for each share of Common Stock with respect to which such Warrant may be exercisable according to its terms, they will issue or cause to be issued to or upon the order of such holder their own shares of stock, or fractions thereof, or (in an appropriate case) a Voting Trust Certificate or Certificates representing the same, in the proportion of one-half of a share of United Air Lines Transport Corporation, one share of United Aircraft Corporation, and one-fourth of a share of Boeing Airplane Company for each such share of Common Stock of United Aircraft & Transport Corporation; *provided*, that fractional shares will be represented by scrip certificates, which will not entitle the holders either to vote or to receive dividends, but will be exchangeable, during a specified period of not less than twelve months in any case, for whole shares of stock, when surrendered in combination with one or more similar scrip certificates together aggregating one or more such whole shares. Sums paid upon the exercise of Stock Purchase Warrants will be apportioned among the three new corporations in proportions determined by the relative net worth of the respective corporations at the time of their commencing operations.

(11) DISSOLUTION OF UNITED AIRCRAFT & TRANSPORT CORPORATION (OF DEL.)

Upon the transfer to the three new corporations of all the stocks and other assets of United Aircraft & Transport Corporation, in the manner hereinbefore provided, United Aircraft & Transport Corporation will be dissolved.

(12) VOTING TRUST AGREEMENT FOR STOCK OF UNITED AIR LINES TRANSPORT CORPORATION

The stock of United Air Lines Transport Corporation will be deposited under a Voting Trust Agreement (See page 4), vesting in the Voting Trustees acting thereunder plenary powers to vote the stock for any and all purposes, including, among other things, the right to vote the same for the election of directors (who may be any one or more of the Voting Trustees), for the increase or decrease of capital stock, for the change of the par value thereof, for the classification thereof into preferred and common stock, for the issue of shares without par value in place of shares having a par value, for the change of name of the corporation, for the amendment of the certificate of incorporation thereof in any of the other respects permitted by the laws of Delaware, for the sale of all or any part of the property or assets of the corporation to one or more other corporations, for the dissolution thereof, for the consolidation or merger thereof with or into any one or more other corporations, or for any other lawful purpose; *provided*, that the foregoing enumeration of powers is not to be construed as restricting in any way the powers which may be conferred upon the Voting Trustees. The Voting Trust Agreement will be in such form as the Reorganization Committee shall approve, and, among other things, will provide that, in case of dissent among the Voting Trustees as to how the stock held by them shall be voted at any election of directors, the dissenting Voting Trustee shall have the right to cast such number of votes as shall be sufficient to elect two directors. The Voting Trust Agreement will continue for a period of two years from its date, unless sooner terminated, either by the Voting Trustees or by affirmative vote of the holders of Voting Trust Certificates representing a majority of the issued capital stock of the corporation.

(13) PERSONNEL

It is proposed that the personnel of the three new corporations, respectively, will be initially as follows:

(a) UNITED AIR LINES TRANSPORT CORPORATION

Voting Trustees: Martin C. Ansorge, Philip G. Johnson and Joseph P. Ripley.

Directors: Martin C. Ansorge, Charles E. Brink, Duard B. Colyer, George Brokaw Compton, Paul M. Godehn, Charles K. Knickerbocker, Gurney E. Newlin, William A. Patterson, Joseph P. Ripley and Sumner Sewall.

OFFICERS:

President William A. Patterson
Vice-President Duard B. Colyer
Secretary Cyril C. Thompson
Treasurer Charles E. Brink

(b) UNITED AIRCRAFT CORPORATION

Directors: Donald L. Brown, Charles W. Deeds, William B. Mayo, Joseph F. McCarthy, Edward O. McDonnell, George J. Mead, Frederick B. Rentschler, James G. Scarff, Malcolm Sumner, Eugene E. Wilson, George S. Wheat and F. William Zelcer.

OFFICERS:

President and Treasurer Donald L. Brown
Vice-President Eugene E. Wilson
Vice-President George S. Wheat
Secretary and Controller Joseph F. McCarthy

(c) BOEING AIRPLANE COMPANY

Directors: William M. Allen, William E. Boeing, Harold E. Bowman, Gardner W. Carr, Claire L. Egtvedt, Harry I. Kirk, Charles N. Monteith, Erik H. Nelson and Dietrich Schmitz.

OFFICERS:

President Claire L. Egtvedt
Vice-President Gardner W. Carr
Vice-President James P. Murray
Secretary and Treasurer Harold E. Bowman

STATUS AFTER EFFECTING PLAN

(1) OUTSTANDING STOCKS OF THE THREE NEW CORPORATIONS

Upon the assumption that none of the presently outstanding Stock Purchase Warrants of United Aircraft & Transport Corporation shall have been exercised prior to effecting the Plan, the three new corporations will, in the first instance, have outstanding the following numbers of shares of stock, respectively:

United Air Lines Transport Corporation, 1,043,766 shares, of the par value of \$5, each
United Aircraft Corporation, 2,087,532 shares, of the par value of \$5, each
Boeing Airplane Company, 521,883 shares, of the par value of \$5, each.

Upon the exercise of all the presently outstanding Stock Purchase Warrants of United Aircraft & Transport Corporation, the three new corporations will have outstanding the following numbers of shares of stock, respectively:

United Air Lines Transport Corporation, 1,101,659¾ shares, of the par value of \$5, each
United Aircraft Corporation, 2,203,319½ shares, of the par value of \$5, each
Boeing Airplane Company, 550,829⅞ shares, of the par value of \$5, each.

(2) BALANCE SHEETS OF THE THREE NEW CORPORATIONS

An approximate *pro forma* consolidated balance sheet of each of the three new corporations, based on the balance sheets of the existing companies as at March 31, 1934, and after giving effect to the approximate contemplated distribution of cash, securities and accounts receivable to the three corporations, but before giving effect to expenses of reorganization, is attached hereto. These balance sheets are subject, also, to change through operations in the interval and/or to any revaluations of assets and/or adjustments of accounts which may be made in connection with the reorganization, and/or to changes within the power of the Reorganization Committee in connection with distribution of cash, securities, accounts receivable, etc., and/or to final disposition of pending claims.

(3) INTERCOMPANY CONTRACTS AND ACCOUNTS

Upon the consummation of the Plan, no continuing contract, agreement or understanding, expressed or implied (other than contracts or agreements entered into pursuant to this Plan or in furtherance thereof), will exist between the three new corporations, or between any subsidiary of any such new corporation and any other new corporation or any subsidiary thereof, in any way affecting the complete freedom of operation of any of such new corporations (including their subsidiaries) as independent entities, and there will exist no intercompany accounts between them, except as herein otherwise provided; *provided*, that the foregoing shall not apply to any executory contracts for the purchase of property at any time entered into in the usual course of business for current requirements and susceptible of complete performance within twelve months, or to accounts in connection therewith or arising therefrom.

PROTECTIVE PROVISIONS

(1) The Certificate of Incorporation and/or the By-Laws of each of the new corporations will contain appropriate provisions substantially as follows:

(a) At all elections of directors, each stockholder shall be entitled to as many votes as shall equal the number of his shares of stock multiplied by the number of directors to be elected, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or any two or more of them, as he may see fit.

(b) None of the officers, directors or employees of the corporation or of any of its subsidiary corporations shall at any time be paid any bonus or share in the earnings or profits of the corporation or of any of its subsidiary corporations, except pursuant to a plan duly adopted by affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote, at a meeting of the stockholders of the corporation called for the purpose.

(c) No officer of the corporation or of any subsidiary corporation shall at any time be paid a salary in excess of the annual rate of \$10,000, except when authorized by affirmative vote of at least two-thirds of the whole Board of Directors at a meeting called for the purpose; *provided*, that the foregoing shall not apply in any case where the salary of any particular person shall have been previously authorized as herein provided at an annual rate in excess of \$10,000, and such person shall be continued in the same office, with no increase in salary.

(d) No person being a director or officer of the corporation shall at the same time be a director or officer of another corporation which shall then be in competition either with the corporation or with any of its subsidiary corporations.

(e) Any officer may be removed at any time, either for or without cause, by affirmative vote of a majority of the whole Board of Directors at any meeting called for the purpose.

(f) Any director may be removed at any time, either for or without cause, by affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote, at a meeting of the stockholders called for the purpose; and the vacancy in the Board caused by any such removal may be filled by the stockholders at such meeting or at any subsequent meeting.

(g) The By-Laws of each of the new corporations may be amended with respect to any of the foregoing provisions only by affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote, at a meeting of the stockholders called for the purpose.

(2) Except where similar provision already exists, the By-Laws of each subsidiary corporation of each of the new corporations will be promptly amended so as to provide substantially as follows:

(a) None of the officers, directors or employees of any subsidiary corporation shall at any time be paid any bonus or share in the earnings or profits of such corporation, or of the corporation holding a majority of the stock of such corporation, except pursuant to a plan duly adopted by affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote, at a meeting of the stockholders of such holding corporation called for the purpose.

(b) No officer of any subsidiary corporation shall at any time be paid a salary in excess of the annual rate of \$10,000, except upon consent of the corporation holding a majority of the stock of such subsidiary corporation, which consent shall be evidenced by a resolution adopted by affirmative vote of at least two-thirds of the whole Board of Directors of such holding corporation at a meeting called for the purpose; *provided*, that the foregoing shall not apply in any case where the salary of any particular person shall have been previously authorized at an annual rate in excess of \$10,000, pursuant to such a consent, and such person shall be continued in the same office, with no increase in salary.

(c) No person being a director or officer of any subsidiary corporation shall at the same time be a director or officer of another corporation which shall then be in competition with it or with the corporation holding a majority of its stock or with any subsidiary thereof.

(d) Any officer may be removed at any time, either for or without cause, by affirmative vote of a majority of the whole Board of Directors at any meeting called for the purpose.

(e) Any director may be removed at any time, either for or without cause, by affirmative vote of the holders of record of a majority of the outstanding shares of stock entitled to vote, at a meeting of the stockholders called for the purpose; and the vacancy in the Board caused by any such removal may be filled by the stockholders at such meeting or at any subsequent meeting.

REORGANIZATION COMMITTEE

The Board of Directors of United Aircraft & Transport Corporation has appointed Messrs. Philip G. Johnson, Joseph F. McCarthy and Joseph P. Ripley a Reorganization Committee, under whose direction the foregoing Plan, if adopted by the stockholders, is to be effected.

The Reorganization Committee shall have the following specific powers, without limiting or restricting the powers implied by the Plan itself:

(a) To take, or cause to be taken, all steps necessary or advisable to effect the Plan in general, as outlined herein, and to direct and supervise the execution of any and all details relating thereto.

(b) To make any alterations, modifications, etc., in the Plan which, in the judgment of the Reorganization Committee, may be necessary or advisable in order to effect the general purpose of the Plan, as outlined herein; *provided*, that any such alteration, modification, etc., be approved by a committee to be selected by the stockholders at the meeting called to consider this Plan.

(c) To cause such steps to be taken as the Reorganization Committee may deem advisable to register the securities (including stocks and/or Voting Trust Certificates) of, and/or to take all other requisite action with respect to, the three new corporations with the Federal Trade Commission and/or with all other governmental authorities.

(d) To cause the necessary steps to be taken toward listing the Voting Trust Certificates and stocks, as the case may be, of the three new corporations on the New York Stock Exchange or any other security exchange on which, in the opinion of the Reorganization Committee, it may be desirable that such Voting Trust Certificates or stocks be listed.

(e) To cause to be disbursed, from the treasury of any one or more of the various corporations involved, such charges, fees, expenses, etc., as may be necessary or advisable, in the judgment of the Reorganization Committee, in connection with the reorganization.

(f) To construe this Plan or any amendment or modification thereof; and any construction placed thereon by the Reorganization Committee in good faith shall be conclusive and binding upon all parties.

None of the members of the Reorganization Committee shall incur any liability or be under any responsibility for any mistake or error of judgment, or for any act or thing which he may do or refrain from doing in good faith in endeavoring to carry out the provisions of this Plan, or for anything whatever in connection therewith, except for his own wilful default.

ABSENCE OF WARRANTIES, ETC.

No estimate, statement, representation or explanation contained in this Plan or in any circular, notice or advertisement made, issued or given, or which may hereafter be made, issued or given, in connection therewith or in connection with any proceeding thereunder or in pursuance thereof is intended or is to be accepted as a warranty or as a condition of assent to the Plan; and no defect or error herein or in any such circular, notice or advertisement shall affect or release any assent hereto.

ADOPTION BY STOCKHOLDERS

This Plan shall not become operative until duly adopted by the stockholders of United Aircraft & Transport Corporation, at a special meeting thereof called for the purpose.

**UNITED AIR LINES TRANSPORT CORPORATION
AND SUBSIDIARIES**

**APPROXIMATE PRO FORMA CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1934
(After Giving Effect to Proposed Plan of Reorganization)**

ASSETS

CURRENT ASSETS:

Cash		
U. S. Treasury Bonds and Bills	}	\$3,995,000.00
Trade Accounts Receivable		*618,000.00
Sundry Accounts Receivable, Accrued Interest, etc.		5,000.00
Inventories		295,000.00
		\$4,913,000.00

INVESTMENTS:

Miscellaneous Investments—Less Reserve	71,000.00
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FIXED ASSETS:

Transport Facilities:

Land and Buildings	\$1,719,000.00
Flying Equipment	4,761,000.00
Other Equipment	1,254,000.00

\$7,734,000.00

Less Reserve for Depreciation	3,385,000.00
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\$4,349,000.00

Land, Buildings and Equipment of Airport at less than cost, and at not more than estimated replacement values—Less Reserve for Depreciation	1,101,000.00	5,450,000.00
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DEFERRED CHARGES—Insurance, etc.	309,000.00
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\$10,743,000.00

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable:

United Aircraft Corporation and Subsidiaries	\$ 33,000.00	
Boeing Airplane Company and Subsidiaries	4,000.00	
Other	107,000.00	\$ 144,000.00

Accrued Wages, Taxes, etc.	327,000.00
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\$ 471,000.00

PROVISION FOR FEDERAL INCOME TAX	62,000.00
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\$ 533,000.00

UNEARNED REVENUES	114,000.00
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RESERVES:

For Insurance	\$ 381,000.00	
For Contingencies	6,000.00	387,000.00

MINORITY INTEREST IN STOCK AND SURPLUS OF SUBSIDIARY COMPANY	24,000.00
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CAPITAL AND SURPLUS:

****Capital Stock:**

Authorized, 1,200,000 shares		
To be presently Issued, 1,043,766 shares—\$5.00 par value	\$5,218,830.00	
Initial Surplus	4,466,170.00	\$ 9,685,000.00
		\$10,743,000.00

*Includes \$369,000.00 due from and withheld by U. S. Post Office Department.

**Of the authorized but unissued capital stock 57,893¾ shares will be issuable, jointly with shares of United Aircraft Corporation and Boeing Airplane Company, upon the exercise of stock purchase warrants of United Aircraft & Transport Corporation, if exercised on or before November 1, 1938. (See paragraph (10), page 6 of Plan.)

NOTE: Above Balance Sheet subject to comments outlined under "STATUS AFTER EFFECTING PLAN", paragraph (2), page 9 of Plan.

**UNITED AIRCRAFT CORPORATION
AND SUBSIDIARIES**

APPROXIMATE PRO FORMA CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1934
(After Giving Effect to Proposed Plan of Reorganization)

ASSETS

CURRENT ASSETS:

Cash		
U. S. Treasury Bonds and Bills	\$ 2,625,000.00	
U. S. Municipal and Dominion of Canada Bonds		
Trade Accounts Receivable:		
United Air Lines Transport Corporation and Subsidiaries	33,000.00	
Other, Less Reserve	1,095,000.00	
Sundry Accounts Receivable, Accrued Interest, etc.	16,000.00	
Inventories	3,137,000.00	\$ 6,906,000.00

INVESTMENTS:

48,088 shares of stock of Pan American Airways Corporation (at \$25.00 per share) ..	\$ 1,202,000.00	
Miscellaneous, Less Reserve	19,000.00	1,221,000.00

FIXED ASSETS:

Property and Equipment of Active Plants, at Cost:		
Land and Buildings	\$ 4,381,000.00	
Machinery, Tools and Equipment	3,677,000.00	
	\$ 8,058,000.00	
Less Reserve for Depreciation	2,208,000.00	
	\$ 5,850,000.00	
Land, Buildings and Equipment—Abandoned and Inactive Plants at Estimated Realizable Values, Less Reserve for Depreciation on Inactive Plants	766,000.00	
Land, Buildings and Equipment of Airport at less than Cost, and at not more than estimated replacement values—Less Reserve for Depreciation	873,000.00	7,489,000.00
DEFERRED CHARGES—Insurance, etc.		76,000.00

\$15,692,000.00

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable:		
Boeing Airplane Company and Subsidiaries	\$ 1,000.00	
Other	350,000.00	\$ 351,000.00
Accrued Wages, Taxes, etc.		193,000.00

\$ 544,000.00

PROVISION FOR FEDERAL INCOME TAX

261,000.00

ADVANCES ON CONTRACTS

312,000.00

\$ 1,117,000.00

RESERVE FOR CONTINGENCIES

218,000.00

MINORITY INTEREST IN STOCKS AND SURPLUS OF SUBSIDIARY COMPANIES

67,000.00

CAPITAL AND SURPLUS:

***Capital Stock:**

Authorized 2,400,000 shares		
To be presently Issued, 2,087,532 shares—\$5.00 par value	\$10,437,660.00	
Initial Surplus	3,852,340.00	\$14,290,000.00
		\$15,692,000.00

*Of the authorized but unissued capital stock 115,787½ shares will be issuable, jointly with shares of United Air Lines Transport Corporation and Boeing Airplane Company, upon the exercise of stock purchase warrants of United Aircraft & Transport Corporation, if exercised on or before November 1, 1938. (See paragraph (10), page 6 of Plan.)

NOTE: Above Balance Sheet subject to comments outlined under "STATUS AFTER EFFECTING PLAN", paragraph (2), page 9 of Plan.

**BOEING AIRPLANE COMPANY
AND SUBSIDIARIES**

APPROXIMATE PRO FORMA CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1934
(After Giving Effect to Proposed Plan of Reorganization)

A S S E T S

CURRENT ASSETS:

Cash		
U. S. Treasury Bonds and Bills		
Trade Accounts Receivable:		
United Aircraft Corporation and Subsidiaries	1,000.00	
United Air Lines Transport Corporation and Subsidiaries	4,000.00	
Other	109,000.00	
Sundry Accounts Receivable, Accrued Interest, etc.	4,000.00	
Inventories	1,749,000.00	\$ 2,992,000.00

INVESTMENTS:

Miscellaneous Investments—Less Reserve		10,000.00
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FIXED ASSETS:

Property and Equipment of Active Plants, at Cost:

Land and Buildings	\$ 1,037,000.00	
Machinery, Tools and Equipment	634,000.00	
	\$ 1,671,000.00	
Less Reserve for Depreciation	554,000.00	
	\$ 1,117,000.00	

Land, Buildings and Equipment—Inactive Plant at Estimated Realizable Values,

Less Reserve for Depreciation	163,000.00	1,280,000.00
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DEFERRED CHARGES—Insurance, etc.		28,000.00
		<u>\$ 4,310,000.00</u>

L I A B I L I T I E S

CURRENT LIABILITIES:

Accounts Payable	\$ 49,000.00	
Accrued Wages, Taxes, etc.	118,000.00	\$ 167,000.00
PROVISION FOR FEDERAL INCOME TAX		98,000.00
ADVANCES ON CONTRACTS		4,000.00
		\$ 269,000.00
RESERVE FOR CONTINGENCIES		33,000.00

***MINORITY INTEREST IN STOCKS AND SURPLUS OF SUBSIDIARY COMPANY**

CAPITAL AND SURPLUS:

****Capital Stock:**

Authorized, 600,000 shares		
To be presently Issued, 521,883 shares—\$5.00 par value	\$ 2,609,415.00	
Initial Surplus	1,398,585.00	\$ 4,008,000.00
		<u>\$ 4,310,000.00</u>

*Minority Interest in Boeing Aircraft of Canada, Limited, is represented by 710 shares of 6% Preferred Stock, with dividends accruing thereon from December 1, 1930, and 1,710 shares of Common Stock (13.2%), which have no equity value. Of these shares, 375 Preferred and 750 Common are held by Boeing Airplane Company, subject to repurchase agreement.

**Of the authorized but unissued capital stock 28,946 $\frac{7}{8}$ shares will be issuable, jointly with shares of United Air Lines Transport Corporation and United Aircraft Corporation, upon the exercise of stock purchase warrants of United Aircraft & Transport Corporation, if exercised on or before November 1, 1938. (See paragraph (10), page 6 of Plan.)

NOTE: Above Balance Sheet subject to comments outlined under "STATUS AFTER EFFECTING PLAN", paragraph (2), page 9 of Plan.

UNITED AIRCRAFT & TRANSPORT CORPORATION

230 PARK AVENUE

NEW YORK CITY

May 22, 1934

To the Stockholders of

UNITED AIRCRAFT & TRANSPORT CORPORATION:

Enclosed herewith is a notice of a special meeting of stockholders of this Corporation, which has been called to be held on June 20, 1934, for the purpose of considering the Plan of Reorganization, a copy of which is attached to the notice, and, if the Plan of Reorganization be adopted, of authorizing the sale by the Corporation of all its property and assets, including its good-will, in accordance with the Plan of Reorganization, and of consenting to the dissolution of the Corporation. You will also find enclosed a form of proxy to be used at the said meeting. As it will require the vote of two-thirds of the outstanding stock to effect the Plan, you are requested to sign and return the proxy without delay.

Reasons for Reorganization

In my letter to stockholders, dated March 28, 1934, the reasons which have led your directors to conclude that a reorganization of the Corporation is advisable were set forth in full. If the great air transport system which this Corporation has created and developed is to be preserved for the stockholders, it appears to be essential, in view of the Government's expressed attitude, that that system shall become wholly independent of equipment manufacturing affiliates. A reorganization is, therefore, not so much a matter of choice as of necessity, and the sole consideration should be, not whether a reorganization is desirable (for on that point argument seems to be precluded), but how it can be best effected in the interests of the stockholders.

Scope of Reorganization

The manufacturing activities of your Corporation fall naturally into two widely separated manufacturing groups, one centering at Hartford, Connecticut, and the other at Seattle, Washington. So long as the air lines supplied a connecting link between these groups, it was practicable to exercise administrative control of all the manufacturing subsidiaries from a central point. With the separation of the transport lines, however, your directors believe that the logic of the resultant situation will require that each group of manufacturing companies be given independent management. As indicated in the letter of March 28, 1934, the Plan of Reorganization has thus been prepared on the principle of creating three new independent corporations, one of which shall acquire the stocks of the transport companies, another the stocks of the eastern equipment companies, and the other the stocks of the western equipment companies. The detailed steps by which it is proposed to effect the reorganization are set forth in the Plan, to which your careful attention is invited.

Net Income of Corporations Constituting the Three New Groups: 1929-1933 and 1934 (to March 31)

Attached to the Plan will be found approximate *pro forma* consolidated balance sheets as at March 31, 1934, of the three new corporations. In addition, there is here set forth a tabulation showing the consolidated net income for the five years and three months ended March 31, 1934, of the three groups of corporations contemplated by the Plan, after all charges (including federal income taxes), but without either inclusion of income or deduction of operating and other expenses of United Aircraft & Transport Corporation (of Delaware) and The United Aircraft & Transport Corporation (of Connecticut), respectively; the items of interest income and operating expenses being shown in the tabulation following the first:

CONSOLIDATED NET INCOME OF CORPORATIONS CONSTITUTING THE THREE NEW GROUPS

FIVE YEARS AND THREE MONTHS ENDED MARCH 31, 1934

	<i>Manufacturing</i>		<i>Transport</i>
	<i>Eastern</i>	<i>Western</i>	
Year 1929	\$6,433,946.93	\$ 92,295.00	\$2,728,747.06
Year 1930	1,384,915.21	221,401.72	1,870,983.49
Year 1931	1,045,438.68	306,135.21	1,859,546.68
Year 1932	712,521.75	*6,006.72	1,212,688.16
Year 1933	1,103,748.63	442,250.10	212,552.35
Three Months 1934	438,862.62	*217,354.61	*854,040.06

*Indicates loss

NOTE: To reflect the net income of the respective groups, the above figures include net income of certain of the corporations prior to date of acquisition. For example, those of the transport group include net income of National Air Transport, Inc. for the entire period, although control was not acquired until April, 1930. The net income of the manufacturing companies includes profit on sales to affiliated companies.

INTEREST INCOME AND OPERATING EXPENSES OF UNITED AIRCRAFT & TRANSPORT
CORPORATION (OF DELAWARE) AND THE UNITED AIRCRAFT & TRANSPORT
CORPORATION (OF CONNECTICUT)

FIVE YEARS AND THREE MONTHS ENDED MARCH 31, 1934

	<i>Interest Income</i>	<i>Operating Expenses</i>
Year 1929	\$640,038.33	\$318,724.75
Year 1930	424,513.92	873,901.02
Year 1931	299,900.74	627,312.53
Year 1932	356,247.72	482,827.25
Year 1933	289,439.98	525,355.42
Three Months 1934	25,648.22	133,075.73

NOTE: The above does not include extraneous income and non-recurring charges such as profits and losses on sale of securities, organization and stock listing expenses and other items of a similar nature, or federal income tax savings through inclusion of the companies in consolidated returns.

Attached to this letter are consolidated profit and loss accounts of United Aircraft & Transport Corporation and its subsidiaries for the year 1933 and for the first three months of the current year, segregated as between the operating subsidiaries constituting the three new groups, together with an apportionment of the income and expenses of United Aircraft & Transport Corporation (of Delaware) and The United Aircraft & Transport Corporation (of Connecticut), showing the resulting net income of each division after making such adjustments.

Inter-Company Profits

Inquiries have been made, from time to time, with respect to profits realized by the equipment manufacturing subsidiaries from the sale of equipment to the transport system. Specific reference to this subject was made in the annual report for the year 1933, wherein attention was called to the profits arising from the purchase of planes by the transport subsidiaries for the re-equipment of their lines. The total sales of such equipment made by the manufacturing subsidiaries to the transport subsidiaries during the year 1933 amounted to approximately \$4,100,000, and the amount of inter-company profits arising therefrom is calculated at approximately \$500,000, as at December 31, 1933, after deducting depreciation on such equipment, charged to operations of the transport lines.

In addition to the profits from sales to the transport group just referred to, there have been inter-company profits from sales by one subsidiary to another subsidiary, which inter-company profits, however, were included in reports to stockholders only to the extent that the relating equipment was sold to outside parties. Stockholders desiring to be informed of the amount of inter-company revenues and sales as compared to revenues from outside sources and sales to outside parties, segregated as between the three new groups, for the year 1933, may obtain an analysis thereof upon application to the Secretary of the Corporation.

As stated in the annual report for the year 1933, sales of equipment by manufacturing subsidiaries to transport subsidiaries were effected at prices equivalent to those at which similar equipment was currently sold to outside purchasers.

Stockholders' Protective Committee

A Stockholders' Protective Committee, consisting of Messrs. George Brokaw Compton, *Chairman*, Martin C. Ansorge, George Gordon Battle, Alexander Hamilton and F. William Zelcer, entirely unrelated to the management of the Corporation, was organized during April of this year under independent auspices. The Plan of Reorganization has been discussed at length with this Committee and certain suggestions made by it have been incorporated in the Plan submitted herewith.

Adoption of Plan—Proxies

As noted in the early part of this letter, it will require the vote of two-thirds of the outstanding stock to effect the Plan. You are, therefore, requested to sign and return, without delay, the accompanying proxy for use at the meeting, in order that a quorum may be assured. The signing of the proxy will not preclude your voting at the meeting in person, should you so desire; neither will the fact that you may have given a previous proxy prevent your signing the instrument enclosed, which will have the effect of revoking the earlier one. Signature to the proxy should correspond, so far as practicable, with the name of the stockholder as written upon the face of the stock certificate. *No witness is required.*

By order of the Board of Directors,

PHILIP G. JOHNSON,
President

UNITED AIRCRAFT & TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(With Segregations and Apportionments)

YEAR 1933

	Manufacturing		Transport	Total
	Eastern	Western		
OPERATING SUBSIDIARIES CONSTITUTING THREE NEW GROUPS				
OPERATING REVENUES AND SALES:				
Sales	\$10,867,057.12	\$5,711,483.16*	\$	\$16,578,540.28
Operating Revenues	126,207.66		9,862,767.03	9,988,974.69
	\$10,993,264.78	\$5,711,483.16	\$9,862,767.03	\$26,567,514.97
OPERATING EXPENSES AND COST OF SALES:				
Costs and Expenses	\$ 9,285,552.89	\$5,084,916.41	\$8,042,112.49	\$22,412,581.79
Depreciation	507,394.37	94,048.87	1,653,916.54	2,255,359.78
	\$ 9,792,947.26	\$5,178,965.28	\$9,696,029.03	\$24,667,941.57
OPERATING INCOME	\$ 1,200,317.52	\$ 532,517.88	\$ 166,738.00	\$ 1,899,573.40
OTHER INCOME:				
Interest	\$ 27,203.28	\$ 12,269.71	\$ 78,131.97	\$ 117,604.96
Sundry	75,084.42	24,255.08	14,044.74	113,384.24
	\$ 102,287.70	\$ 36,524.79	\$ 92,176.71	\$ 230,989.20
OTHER DEDUCTIONS:				
Loss on Investments—Net	\$	\$ 36,211.66	\$ 5,230.97	\$ 30,980.69
Sundry	32,327.11	3,216.79	11,454.43	46,998.33
	\$ 32,327.11	\$ 39,428.45	\$ 6,223.46	\$ 77,979.02
NET INCOME BEFORE TAXES	\$ 1,270,278.11	\$ 529,614.22	\$ 252,691.25	\$ 2,052,583.58
FEDERAL INCOME TAX (Basis of Three Consolidated Returns)				
	166,529.48	87,364.12	40,138.90	294,032.50
	\$ 1,103,748.63	\$ 442,250.10	\$ 212,552.35	\$ 1,758,551.08
UNITED AIRCRAFT & TRANSPORT CORPORATION (OF DEL.) AND THE UNITED AIRCRAFT & TRANSPORT CORPORATION (OF CONN.)				
INCOME:				
Interest	\$ 147,614.39	\$ 41,968.80	\$ 99,856.79	\$ 289,439.98
OPERATING EXPENSES:				
Salaries of Officers and Employees	\$ 112,074.97	\$ 31,864.45	\$ 75,815.42	\$ 219,754.84
Legal and Auditing	65,122.77	18,515.30	44,053.64	127,691.71
Capital Stock Taxes	10,578.42	3,007.59	7,155.99	20,742.00
Transfer Agents, Registrars, and Corporate Fees	30,876.31	8,778.56	20,886.91	60,541.78
Office, Travelling and Miscellaneous Expenses	49,278.79	14,010.64	33,335.66	96,625.09
	\$ 267,931.26	\$ 76,176.54	\$ 181,247.62	\$ 525,355.42
OTHER INCOME AND DEDUCTIONS—NET:				
Loss on Investments	\$ 3,327.11	\$ 945.94	\$ 2,250.69	\$ 6,523.74
Sundry	9,960.28	2,831.85	6,737.84	19,529.97
	\$ 6,633.17	\$ 1,885.91	\$ 4,487.15	\$ 13,006.23
Net Income before Taxes	\$ 113,683.70	\$ 32,321.83	\$ 76,903.68	\$ 222,909.21
FEDERAL INCOME TAX (Saving through Consolidated Return)				
	44,564.05	12,670.17	30,146.27	87,380.49
	\$ 69,119.65	\$ 19,651.66	\$ 46,757.41	\$ 135,528.72
NET INCOME	\$ 1,034,628.98	\$ 422,598.44	\$ 165,794.94	\$ 1,623,022.36

Income and expenses of United Aircraft & Transport Corporation (of Del.) and The United Aircraft & Transport Corporation (of Conn.) have been distributed to the three new groups on the basis of 51%, 14.5%, 34.5% respectively. (See paragraph (5), page 5 of the Plan of Reorganization.)

*Includes sales totalling \$208,455.37 to United Aircraft Exports, Inc., shown in Eastern Manufacturing group.

NOTE: Italics represent red figures.

UNITED AIRCRAFT & TRANSPORT CORPORATION AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(With Segregations and Apportionments)

THREE MONTHS ENDED MARCH 31, 1934.

	Manufacturing		Transport	Total
	Eastern	Western		
OPERATING SUBSIDIARIES CONSTITUTING THREE NEW GROUPS				
OPERATING REVENUES AND SALES:				
Sales	\$3,322,042.21	\$467,184.91*	\$	\$3,789,227.12
Operating Revenues	26,402.73		1,509,600.74	1,536,003.47
	<u>\$3,348,444.94</u>	<u>\$467,184.91</u>	<u>\$1,509,600.74</u>	<u>\$5,325,230.59</u>
OPERATING EXPENSES AND COST OF SALES:				
Costs and Expenses	\$2,721,932.60	\$664,892.40	\$1,935,291.99	\$5,322,116.99
Depreciation	131,716.13	23,030.93	450,243.98	604,991.04
	<u>\$2,853,648.73</u>	<u>\$687,923.33</u>	<u>\$2,385,535.97</u>	<u>\$5,927,108.03</u>
OPERATING INCOME	\$ 494,796.21	<i>\$220,738.42</i>	<i>\$ 875,935.23</i>	<i>\$ 601,877.44</i>
OTHER INCOME	17,995.98	3,478.94	22,076.02	43,550.94
	<u>\$ 512,792.19</u>	<u><i>\$217,259.48</i></u>	<u><i>\$ 853,859.21</i></u>	<u><i>\$ 558,326.50</i></u>
OTHER DEDUCTIONS	2,430.35	95.13	180.85	2,706.33
NET INCOME BEFORE TAXES	\$ 510,361.84	<i>\$217,354.61</i>	<i>\$ 854,040.06</i>	<i>\$ 561,032.33</i>
FEDERAL INCOME TAX	71,499.22			71,499.22
	<u>\$ 438,862.62</u>	<u><i>\$217,354.61</i></u>	<u><i>\$ 854,040.06</i></u>	<u><i>\$ 632,532.05</i></u>

UNITED AIRCRAFT & TRANSPORT CORPORATION (OF DEL.) AND THE UNITED AIRCRAFT & TRANSPORT CORPORATION (OF CONN.)

INCOME:

Interest	\$ 13,080.59	\$ 3,718.99	\$ 8,848.64	\$ 25,648.22
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OPERATING EXPENSES:

Salaries of Officers and Employees	\$ 20,050.03	\$ 5,700.50	\$ 13,563.26	\$ 39,313.79
Legal and Auditing	25,497.87	7,249.40	17,248.56	49,995.83
Transfer Agent, Registrar, and Corporate Fees	6,331.43	1,800.11	4,283.03	12,414.57
Office, Travelling and Miscellaneous Expenses	15,989.29	4,545.97	10,816.28	31,351.54
	<u>\$ 67,868.62</u>	<u>\$ 19,295.98</u>	<u>\$ 45,911.13</u>	<u>\$ 133,075.73</u>

OTHER DEDUCTIONS:

Loss on Investments	\$ 24,751.64	\$ 7,037.23	\$ 16,743.76	\$ 48,532.63
Loss on Sale of Scrip	27.85	7.92	18.84	54.61
	<u>\$ 24,779.49</u>	<u>\$ 7,045.15</u>	<u>\$ 16,762.60</u>	<u>\$ 48,587.24</u>
	<u><i>\$ 79,567.52</i></u>	<u><i>\$ 22,622.14</i></u>	<u><i>\$ 53,825.09</i></u>	<u><i>\$ 156,014.75</i></u>

NET INCOME	\$ 359,295.10	<i>\$239,976.75</i>	<i>\$ 907,865.15</i>	<i>\$ 788,546.30</i>
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Income and expenses of United Aircraft & Transport Corporation (of Del.) and The United Aircraft & Transport Corporation (of Conn.) have been distributed to the three new groups on the basis of 51%, 14.5% and 34.5% respectively. (See paragraph (5), page 5 of the Plan of Reorganization.)

*Includes sales totalling \$138,439.84 to United Aircraft Exports, Inc., shown in Eastern Manufacturing group.

NOTE: Italics represent red figures.

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